



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 9/2/2004

GAIN Report Number: HU4015

Hungary

Grain and Feed

Crop Situation Update

2004

Approved by:

Sarah Hanson
U.S. Embassy

Prepared by:

Dr. Ferenc Nemes

Report Highlights:

Hungary's wheat, barley, triticale, rye and oats harvest amounted to 8 million metric tons (MMT) this year. Wheat quality is excellent with approximately 75 to 80 percent of milling quality. Hungarian wheat will be competitive with U.S. and Canadian wheat in other EU markets, particularly in Italy, Austria and Germany. The spring barley crop is also of good quality with 350,000 MT going to malting. The corn crop appears good and is forecasted to be at a record 7.6 MMT.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Vienna [AU1]
[HU]

Production

Producers harvested about 8 million metric tons (MMT) 'small grains' (wheat, barley, triticale, rye and oats) this year. The harvest was finished by end of July.

Preliminary crop data for 2004

	Area 1,000 ha	Yields MT/ha	Yields MT/ha 1998-2003	Crop 1,000 MT
Wheat	1,150	5.04	3.38	5,800
Barley	338	4.14	2.79	1,400
Rye	49	2.75	-	135
Oats	71	3.23	-	230
Triticale	159	3.89	-	620
TOTAL	1,767	-	-	8,185

Source: Min of Agriculture and Regional Development

The corn crop appears good and is forecasted to be at record crop levels. The most recent estimate is at 7.6 MMT off 1.2 million hectares. The main crop risks until harvest include an early frost and a rainy autumn that would delay or prolong the late September – early November harvest period.

Consumption

The quality of the wheat crop is excellent. Approximately 75 to 80 percent of the wheat is 'milling wheat' grade. This is close to the 'hard winter' quality and is sufficiently above the EU intervention criteria. Total domestic wheat consumption is expected to be around 3.2 to 3.3 MMT. Exportable (intervention) surplus may be 2.6 to 3.0 MMT.

Barley

The spring barley crop (about 600,000 MT of the total 1,400,000 barley) is of good quality this year. The amount going to malting use is expected to be around 350,000 MT, well above the previous years' level when the majority of spring barley was of feed quality. However, even with the larger share going to malting use, this year's barley supply will further increase the enormous feed grain stocks in Hungary. Feed barley and corn should satisfy low animal (swine, poultry) numbers in 2004/2005 MY and beyond.

Trade/Policy

Due to the high quality of this year's crop, Hungarian wheat will be competitive with U.S. and Canadian wheat in other EU markets, particularly in Italy, Austria and Germany. The grain market has been bearish so far. Mills in neighboring countries imported smaller volumes. The Government of Hungary requested an export refund for 1 million MT wheat from Brussels earlier this year, but the request was rejected.

The actual domestic spot prices for milling wheat are at about 88-96 Euro/MT and for barley and corn at about 72-86 Euro/MT. A major bottleneck in handling Hungary's bumper crop is storage capacity. Harvested wheat stocks are quickly followed by sunflower (cut from early September and estimated to be 1 MMT) and corn stocks (harvested end of September).

Companies offered about 1.9 MMT of EU intervention storage capacities for the Agricultural and Rural Development Office (MVH). Spot checks found many of the bins inadequate for this purpose. A recent storage registry of the Ministry of Agriculture (MOA) indicates only 12 MMT of storage capacity is available at farms (companies).

The MOA is exploring measures (i.e. interest write offs for some short term loans, and direct support) to encourage animal farms to purchase for their feed grain needs early in the season. The GOH has not received approval for these measures from Brussels. The GOH is also trying to shift a part of the 'direct payments' to an earlier time (to October instead of December) to help farm liquidity in the fall planting season. A HUF 8,000/ha (USD 38/ha) portion of the support (total HUF 17,000 [USD 82]) was paid out in July.